

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**VISIONS ACADEMY CHARTER HIGH
SCHOOL**

JUNE 30, 2012

PREPARED BY

VISIONS ACADEMY CHARTER HIGH SCHOOL

**VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-9
Organizational Chart.....	10
Roster of Officials.....	11
Consultants and Advisors	12
FINANCIAL SECTION	
Independent Auditor's Report.....	13-14
Required Supplementary Information – Part I	
Management's Discussion and Analysis	15-24
Basic Financial Statements	
A. Charter School-wide Financial Statements	
A-1 Statement of Net Assets.....	25
A-2 Statement of Activities	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet.....	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance.....	28
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
Proprietary Funds:	
B-4 Statement of Net Assets.....	30
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Assets	31
B-6 Statement of Cash Flows	32

**VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets.....	33
B-8 Statement of Changes in Fiduciary Net Assets.....	34
 Notes to the Financial Statements	 35-55
 Required Supplementary Information – Part II	
 C. Budgetary Comparison Schedules	
 C-1 Budgetary Comparison Schedule – General Fund.....	56-57
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance –Budget and Actual	N/A
C-2 Budgetary Comparison Schedule-Special Revenue Fund	58
 Notes to the Required Supplementary Information	
 C-3 Budget-to-GAAP Reconciliation.....	59
 Other Supplementary Information	
 D. School Level Schedules:	
D-1 Combining Balance Sheet.....	N/A
D-2 Blended Resource Fund-Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
 E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	60

**VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary of Schedule of Revenue, Expenditures and Changes in Fund Balance Budgetary Basis	N/A
F-2(x) Schedule of Project Revenue, expenditures, Project Balances, and Project Status -Budgetary Basis.....	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Assets.....	61
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	62
G-3 Statement of Cash Flows	63
Internal Service Fund:	
G-4 Statement of Net Assets.....	N/A
G-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statements of Fiduciary Net Assets.....	64
H-2 Statement of Changes in Fiduciary Net Assets.....	65
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	66
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	67
I. Long-Term Debt	
I-1	N/A
I-2 Schedule of Obligations under Capital Leases.....	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY**

TABLE OF CONTENTS

PAGE NO.

STATISTICAL SECTION (Unaudited)

Financial trends

J-1 Net Assets by Components.....	68
J-2 Changes in Net Assets	69
J-3 Fund Balances - Governmental Funds	70
J-4 Changes in Fund Balances - Governmental Funds	71

Revenue Capacity

J-5-J-9	N/A
---------------	-----

Debt Capacity Ratio

J10	N/A
J11-J13	N/A

Demographic and Economic Information

J-14 Demographic and Economic Statistics	N/A
J-15 Principal Employers.....	N/A

Operating Information

J-16 Full Time Equivalent Charter School Employees by Function/Program.....	72
J-17 Operating Statistics	73
J-18 School building Information	74
J-19 Schedule of required Maintenance Expenditures by School Facility	N/A
J-20 Insurance Schedule	75

SINGLE AUDIT SECTION

K-1	Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
K-2	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	78-79
K-3	Schedule of Expenditures of Federal Awards, Schedule A	80
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	81
K-5	Notes to the Schedules of Expenditures of Federal Awards State Financial Assistance.....	82-83
K-6	Schedule of Findings and Questioned Costs.....	84-85
K-7	Summary Schedule of Prior Year Audit Findings	86

INTRODUCTORY SECTION



**VISIONS ACADEMY
CHARTER
HIGH SCHOOL**

December 21, 2012

Commissioner
New Jersey Department of Education
100 Riverview Executive Plaza
CN – 500
Trenton, New Jersey 08625-0500

Dear Commissioner:

We hereby submit the Comprehensive Annual Financial Report of the Visions Academy Charter High School (the “Charter School”) for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Charter School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to fairly present the financial position and result of operations of the various funds and account groups of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School’s organizational chart and a list of principal officials. The financial section includes the Management’s Discussion and Analysis, the basic financial statements, required supplementary information and other supplementary information, as well as the auditor’s report thereon. The statistical section includes one unaudited fiscal year of data. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the New Jersey OMB Circular Letter 04-04, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”. Information related to this single audit, including the auditor’s report on internal control and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

**New Jersey Department of Education
Commissioner**

1) REPORTING ENTITY AND ITS SERVICES

Visions Academy Charter High School (VACHS) is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report.

Organization Name, Address, and Contact: Visions Academy Charter High School, 88-108 Shipman Avenue, Newark, NJ 07103. Effective, July 1, 2012, Ms. Joyce Caine became the new Head of School replacing Mr. Fred Givens who served up to the month of May 2012.

Mission: Visions Academy Charter High School (Visions Academy) will graduate academically proficient young women and men for postsecondary education and leadership in the global community. Visions Academy will realize this mission by providing a challenging, comprehensive standards-based education that promotes outstanding academic achievement, high moral character, international awareness, and community accountability.

Vision: Visions Academy graduates will achieve literacy in all content areas, develop the ability to think critically about their world, connect ideas in different contexts, and demonstrate independent thinking – the intellectual capital necessary for success in college or the workplace. The mission of Visions Academy clearly communicates the vision for school that inspires academic excellence the following complements to the education program:

1. Leveraging Technology
2. Leadership in the Global Community
3. Teaching Collective Accountability for Community
4. Requiring High Moral Character
5. Encouraging Outstanding Academic Achievement

Targeted Grade Levels: Visions Academy Charter High School has served 147 9th and 136 10th graders in the 2010 – 2012. Hereafter, the school will enroll 150 9th graders each year to serve 600 9th through 12th grade students by the fall of 2013.

<u>Average Daily Enrollment</u>		
Fiscal Year	Student Enrollment	Percentage Change
2011-2012	262	81.94%
2010-2011	144	0.00%

Visions Academy Charter High School was founded on the premise that high expectations, coupled with support and community involvement, holistically educate students, propelling them into post – secondary life as successful, well – rounded young adults.

**New Jersey Department of Education
Commissioner**

2) ECONOMIC CONDITION AND OUTLOOK

The city of Newark proximity to New York City and easy access via major highways, are its attractive features that made it a choice for many companies that conduct business in the metropolitan New York area. In addition, the city's close proximity to the Port of New York/New Jersey and Newark International airport make it a desirable business location and transportation hub.

The City is the largest city in the state. It serves as the county seat for Essex County, State and Federal Courts as well as governmental offices attracting a large number of law firms and small businesses to the central business district. The City of Newark is the financial capital of the state, harboring financial institutions like Prudential Insurance Company, Blue Cross Blue Shield of New Jersey as well the State largest public utility, Public Service Electric and Gas Company (PSEG). The City has experienced a surge of large scale economy in the recent years by way of development projects initiated by private sector in partnership with the City such as professional hockey team, "New Jersey Devils", however, poverty remains a consistent problem in Newark, despite its revitalization in recent years. As of 2010, roughly one-third of the city's population is impoverished.

Major initiatives:

The mission of the VACHS is to inspire and empower our students, families and staff with the opportunities to successfully shape and transform their lives by becoming successful, lifelong learners who possess the critical thinking, academic, advocacy, and leadership skills required to continuously open new doors in their lives and the lives of others.

The charter school's philosophy of education is to create and provide a wildly inspiring culture and to offer and deliver an empowering curriculum and school culture that is filled with the information, resources, ideas, strategies and opportunities needed for each child to develop confidence, aptitude, critical-thinking and other powerful life skills.

To ensure quality personnel, our multi-step hiring process includes résumé and reference screening, lesson observations, and intense rounds of interviews. During the interviews, the school's hiring team determines if prospective teachers embody the belief that high achievement is possible for all students, regardless of whether or not they hail from disadvantaged backgrounds. During the lesson observations, the hiring team is looking for candidates who possess the skills necessary to work successfully and to a higher degree of achievement with our target population.

Goal I: All Visions Academy students will make significant progress towards proficiency in English Language Arts and Mathematics on the ACT and the HSPA (in 11th grade).

**New Jersey Department of Education
Commissioner**

Goal II: All Visions Academy Charter High School will increase graduation rates and the number of students who go on to complete postsecondary programs.

Major initiatives

Goal III: Visions Academy Charter High School's students will complete a Community Service learning program that supports the mission tenet of collective responsibility.

Goal IV: Visions Academy will create partnerships between students, teachers, administrators and parents/guardians that foster a high percentage of parental involvement.

State – Mandated Testing

All Visions Academy students will be required to participate in statewide assessments, more specifically, the High School Proficiency Assessment (HSPA) (18A:7C6.2). Interim assessment aligned with the NJCCCS and designed to ensure that students are proficient on the HSPA. All students will be required to take the HSPA examination while in the 11th grade of High School. The HSPA will be scheduled by the Department of Education and administered on the appointed dates at Visions Academy to first time 11th grade students. Visions Academy will adhere to all protocols for security and confidentiality. The HSPA is designed to measure the students' achievement in Mathematics and Language Arts, as mandated by the administrative code.

All Limited-English Proficient (LEP) students will take the HSPA and may be tested with one or more accommodations in the test administration procedure. These accommodations may include additional time, translation of the test directions only into the student's native language and use of a bilingual translation dictionary.

Students will be required to achieve a level of proficiency on the HSPA as a requirement of graduation and receiving a diploma from Visions Academy Charter High School. All first-time eleventh graders will take the (HSPA) in mathematics and language arts literacy in the fall and or spring. All retained eleventh grade, twelfth grade and, retained twelfth grade students, must participate in the fall administration and, if necessary, the next spring administration.

Visions Academy HSPA data will be disaggregated and reported in the annual School Report Card as well as shared with staff, students and parents/guardians. It will be reported in the Charter School Annual Report and compared to the Newark School District as well as the State benchmarks.

**New Jersey Department of Education
Commissioner**

Parent Satisfaction

Parents/guardians are an integral part of creating and sustaining a viable and relevant educational program within Visions Academy. Their influence extends to the establishment of a sense of community within Visions Academy and fosters a supportive educational, social and emotional environment. In order for parents to be full partners in Visions Academy, parental input is vital.

Starting in October, 2010 Parent-Principal Brunches/Dinners were held on Saturdays and weekday evenings where the school leader shares updates, plans and concerns being addressed by the school.

Parents were then given the opportunity to raise questions, address concerns and offer solutions to support our students, teachers and family. In March our meeting was focused on preparing to create a parent organization in support of the school and to be advocates for Visions in the broader community. Approximately 25% of the parents participate and/or signed up to be a part of one of the following committees:

1. Parent Survey – parents worked with principal to develop a survey to get feedback from parents about the school year.
2. Candidate Criteria – Parents determined the positions our parent organization should have and the qualifications for each position
3. Communication – Parents volunteered to write letters to describe the parent organization and requirements to run for office, as well as record automated phone messages to inform parents about upcoming elections
4. Advocacy/Community Involvement – Parents began to learn about some of the key political challenges facing charter schools and participated in phone conference organized by the New Jersey Charter School Association.

In June, 2012 our second election was held for our Visions Parent Organization (VPO) leadership. The elected officers have collaborated with the school leaders to contact public officials, solicit donations from local business and plan events for the upcoming school year.

In conjunction with the principal, parents created a parent survey that was distributed in June, 2012. Question topics ranged from communication between families and school, quality of academic courses, college preparation, use of technology and performance of administrators. 25% of parents complete the survey. Overall parent satisfaction was 89% on a scale 55% - 100%. The Visions Parent Organization (VPO) and school administration have already discussed plans to increase parent response by creating and distributing the survey in early spring.

**New Jersey Department of Education
Commissioner**

3) INTERNAL ACCOUNTING CONTROLS

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the Charter School is responsible for ensuring that adequate internal controls are in place. Internal control is also subject to periodic evaluation by the Charter School's Board of Trustees. As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4) BUDGETARY CONTROLS

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund and Special Revenue Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

5) ACCOUNTING SYSTEM AND REPORT

The Charter School's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1. We are currently using Info-fund application for the school's fiscal operations to deliver and establish a complete program including encumbrances, general ledger, accounts payable, accounts receivable, budgetary accounts and Board secretary's monthly report. This system has tremendously helped the accountability of our financial structure.

**New Jersey Department of Education
Commissioner**

6) FINANCIAL STATEMENT INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, and special revenue funds for the fiscal years ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenue</u>				
Local Sources	\$ 501,918	\$ 571,966	\$ (70,048)	-12.25%
State Sources	3,806,231	1,448,346	2,357,885	162.80%
Federal Sources	245,603	111,917	133,686	119.45%
Total	<u>\$ 4,553,752</u>	<u>\$ 2,132,229</u>	<u>\$ 2,421,523</u>	

The amount of monies received from local sources is determined by the per pupil cost of the Newark Public School District. We received 90% of this cost in accordance with current statute.

The State of New Jersey also provides additional monies due to the difference between per pupil cost and the T&E cost. This was due to litigation involving counsel on local school mandates.

VACHS received monies from State and Federal sources for 2011-12 school year. In addition, we received federal grants such as, No Child Left Behind (NCLB), including Title I, II, as well as IDEA Part B for students identified with special needs.

**New Jersey Department of Education
Commissioner**

The following schedule presents a summary of general fund, special revenue expenditures for the fiscal years ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
Instruction	\$ 1,907,622	\$ 718,264	\$ 1,189,358	165.59%
Undistributed	-	-	-	
Expenditures	1,835,536	1,105,419	730,117	66.05%
Capital Outlay	119,809	81,200	38,609	47.55%
Total	<u>\$ 3,862,967</u>	<u>\$ 1,904,883</u>	<u>\$ 1,958,084</u>	

For the year ending June 30, 2012, our expenditures were based upon 1 Head of School, 20 teachers, 2 instructional aides, 1 office manager, one part time nurse, and one full-time custodian to mention a few members of the staff. We ended the year with a full time interim Business Administrator/Director of Operations. We also contracted with the Hunterdon County Educational Services Commission for the evaluation of Special Education students and speech services for those who required it. The increase in the expenditures was due to the program expansion to the next grade level.

7) CASH MANAGEMENT

The investment policy of the Charter School is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Charter School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Our funds are presently deposited in TD Bank N.J., in compliance with the state and federal regulations.

New Jersey Department of Education
Commissioner

8) RISK MANAGEMENT

The Board carries various forms of insurance, including, but not limited, to general liability, automobile liability, hazard and theft insurance on property and contents, fidelity bonds, worker's compensation and student insurance.

9) OTHER INFORMATION

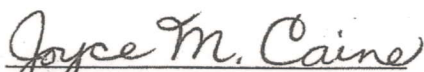
Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ilori CPA LLC was appointed by the Charter School Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditor's report on the general-purpose financial statements, combining and individual fund statements, and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

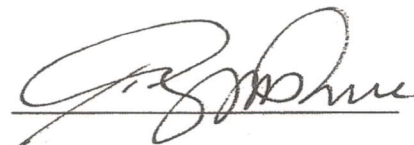
10) ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Visions Academy Charter High School Board of Trustees for their concern in providing fiscal accountability to the citizens and taxpayers of the Charter School and Newark school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,


School Leader

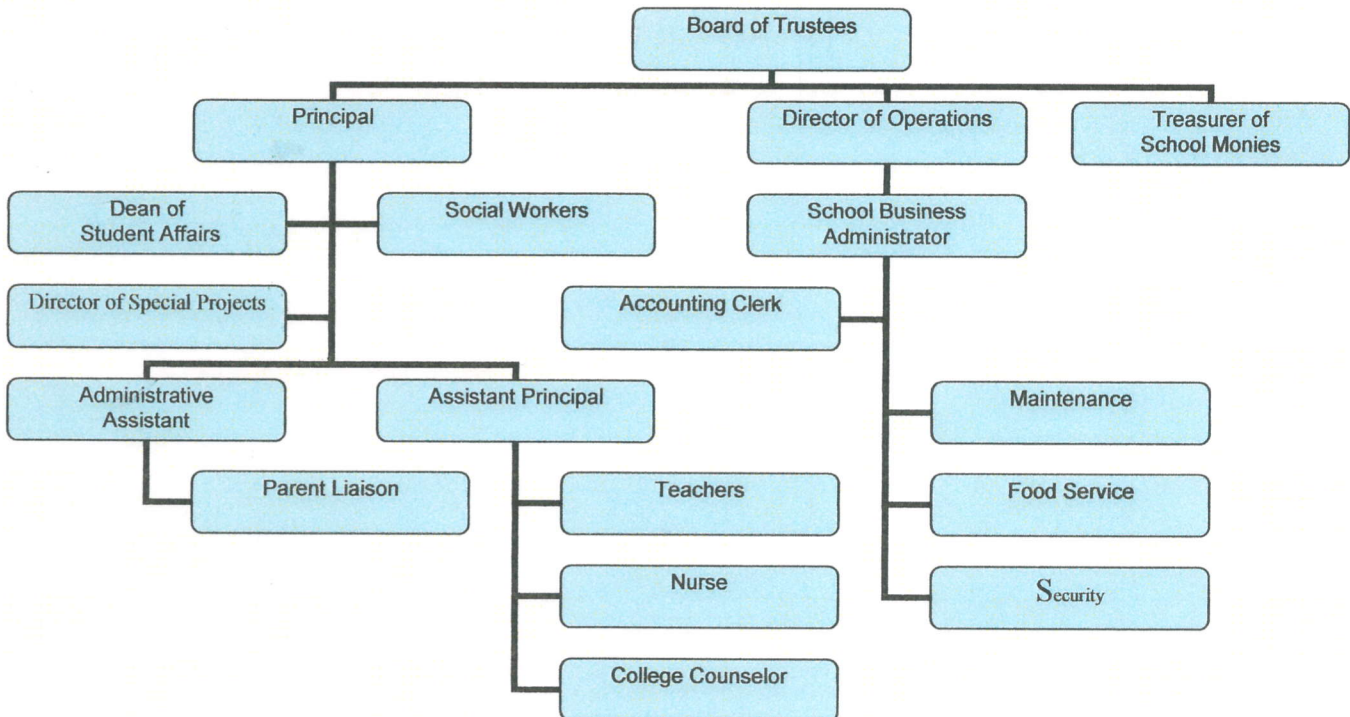
Visions Academy Charter High School



School Administrator/Board Secretary
Visions Academy Charter High School

VISIONS ACADEMY CHARTER HIGH SCHOOL

ORGANIZATIONAL CHART JUNE 30, 2012



VISIONS ACADEMY CHARTER HIGH SCHOOL

ROSTER OF OFFICIALS JUNE 30, 2012

Members of Board of Trustees

Rev. Ronald Slaughter	President
Joi Taylor	Vice President
Karen Thomas	Member
Reginald Petty	Member
Lottie Small	Member
Raquel Lord	Attorney
Dwayne Benjamin	Member
Kalisha Morgan	Member

Other Officials

Joyce Caine	Head of School
Rev. Garvey Ince	Business Administrator/Board Secretary

VISIONS ACADEMY CHARTER HIGH SCHOOL

CONSULTANTS AND ADVISORS

Attorney

Porzio, Bromberg and Newman LLC
100 South Gate Parkway
Morristown, NJ 07962

Audit Firm

Ilori CPA LLC
744 Broad Street Suite 1005
Newark, NJ 07102

Official Depositories

PNC Bank
1140 Raymond Boulevard
Newark, NJ 07102

TD BANK
Newark NJ 07102

FINANCIAL SECTION



ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS
Member of AICPA, NJCPA & MACPA

744 BROAD STREET 10TH FLOOR
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404- 8858

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Visions Academy Charter High School
Essex County, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Visions Academy Charter High School Inc., (the "Charter School") in the County of Essex, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the charter school's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Charter School, as of June 30, 2012, and the respective changes in financial positions and cash flows, where applicable for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

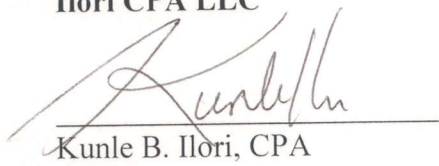
In accordance with *Government Auditing Standards*, we have also issued our report, dated December 21, 2012, on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15 and 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying introductory section, other supplementary information including combining fund financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by, U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ilori CPA LLC



Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

December 21, 2012
Newark, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) provides an analysis of the Charter School's overall financial position and results of operations.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

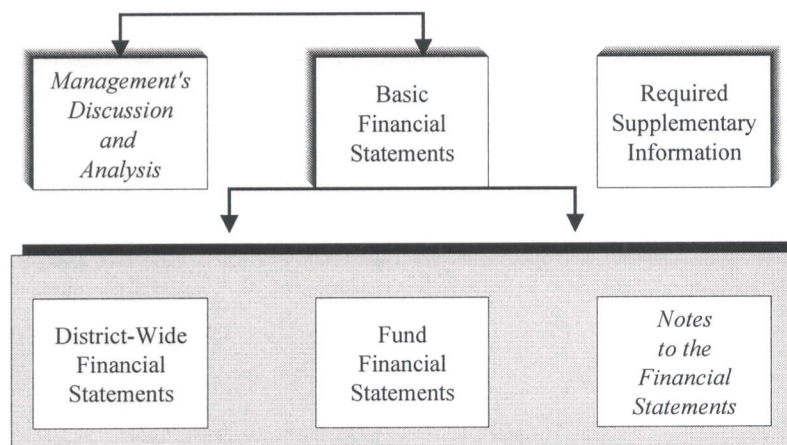
The discussion and analysis of Visions Academy Charter High School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2012. The objective of this overview and analysis is to examine the District's financial performance as a whole and to disclose important financial commentary that will provide overall understanding of the District's financial position. However, readers of this document are encouraged to review the CAFR's Letter of Transmittal in the Introductory Section, and the Basic Financial Statements and Notes to Financial Statements in the Financial Section to enhance their understanding of Board's financial performance.

The Management's Discussion and Analysis (MD&A) as a required Supplementary Information Specified in the Governmental Accounting Standard Board's (GASB) statement No 34, *Basic Financial statements and Management's Discussion and Analysis for state and local Governments* issued in June 1999; GASB Statement No. 37, *Basic Financial Statement – and Management's Discussion and Analysis- for State and Local Governments: Omnibus*, an amendment to GASB Statement No 21 and No 34, issued in June 2001, and; in GASB Statement No 38, *Certain Financial Statement Note Disclosures*, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD & A.

Overview of the Financial Statements

This annual report consists of six parts-*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, *other supplementary information*, *the statistical section*, and *the single audit section*.

Table A-1. Required Components of the School's Annual Financial Report



VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are charter school *financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the district-wide statements.
 - *Governmental funds* statements tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain certain information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Table A-1 shows how the required parts of this annual report are arranged and related to one another.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Table A-2 Major Features of the School-Wide and Fund Financial Statements				
	School-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School operates similar to private businesses: Food Service Fund and Extended Day Program	Instances in which the School administers resources on behalf of someone else, such as state unemployment insurance, payroll and payroll agency and student activities
Required financial statements	*Statements of Net Assets *Statements of Activities	*Balance Sheet *Statement of revenues, expenditures and changes in fund balances	*Statement of Net Assets *Statement of revenues, expenditures and changes in fund net assets *Statement of cash flows	*Statement of Fiduciary net assets *Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Actual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year; regardless of when cash is received or paid

Table A-2 summarizes the major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements. The basic financial statements include two kinds of statements that present different views of the School:

- Charter School-wide Statements
- Fund Financial Statements

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Charter School-wide Statements

The School-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two School-wide statements report the School's *net assets* and how they have changed. Net assets the difference between the School's assets and liabilities is one way to measure the School's financial health or *position*.

- Over time, increases or decreases in the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School, you need to consider additional non-financial factors such as changes in the School's property tax base and the condition of school buildings and other facilities.

The School-wide financial statements of the School are divided into two categories:

- *Governmental activities* - Most of the School's basic services are included here, such as regular and special education, instruction, extracurricular activities, curriculum and staff development, health services, operations and maintenance of plant and administration. Property taxes and state grants finance most of these activities.
- *Business-type activities* - The School charges fees to customers to help it cover the costs of certain services it provides. The School's Food Service Fund and Extended Day Program Fund are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant *funds*-not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular programs. The School considers all governmental and proprietary funds to be major funds in accordance with requirements of the Division of Finance, Department of Education, of the State of New Jersey.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Fund Financial Statements Cont'd

The School has three kinds of funds:

- *Governmental funds* - Most of the School's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* - Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the School-wide statements, provide both long- and short-term financial information. In fact, the School's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The School's Enterprise Fund includes the Food Service Program and the Extended Day Program.
- *Fiduciary funds* - The School is the trustee, or *fiduciary*, for assets that belong to others such as the state unemployment insurance, payroll, and student activity funds. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the School's School-wide financial statements because the School cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the School-wide and fund financial statements and can be found starting on page 37 of this report. In addition to the basic financial statements and accompanying notes, this report also includes required supplementary information.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

FINANCIAL ANALYSIS OF THE CHARTER SCHOOL AS A WHOLE

The perspective of the Statement of Net Assets is of the Charter School as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

The Charter school's financial position is the product of several financial transactions including the net results of activities.

Government Activities

The Charter School's total revenues amounted to \$4,817,562 for the year ended June 30, 2012 which included non-budgeted state reimbursement of TPAF Social Security Contributions of \$125,900.

The total cost of all programs and services was \$3,921,223.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Administration includes expenses associated with administrative and financial supervision of the Charter School.

Support Services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development and the costs associated with operating the facility.

Capital Outlay represents school equipment purchased under the \$2,000 threshold.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Business-Type Activities

Revenue for the Charter School's business-type activity "After School" Program for the years ended JUNE 30, 2012 amounted to \$82,199. Visions Academy Charter High School is solely responsible for the management and fiscal accountability of the food program. The Charter School utilized the services of Karson Food Service for the food distribution.

The Charter School's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. The fund balances for the years 2012 and 2011 in the amount \$1,246,396 and \$429,701 are very significant as they present the school residual interest after all financial obligations have been met. As demonstrated by the various statements and schedules included in the financial section of this report, the Charter School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>	<u>Increase/ Decrease</u>	<u>% Change</u>
Revenue				
Local Sources	\$ 501,918	\$ 492,682	\$ 9,236	1.87%
State Sources	3,806,231	2,128,118	1,678,113	78.85%
Federal Sources	245,603	197,591	48,012	24.30%
Total	<u>\$ 4,553,752</u>	<u>\$ 2,818,391</u>	<u>\$ 1,735,361</u>	<u>105.03%</u>

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and operating grants and contributions offsetting those services. The table below, for government activities, indicates the total cost of services and the net cost of services.

VISIONS ACADEMY CHARTER HIGH SCHOOL MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Governmental Activities- Continued

It identifies the cost of these services supported by unrestricted state entitlements for the fiscal years ended June 30, 2012 and 2011.

	Total Cost of Services	Grants/ Contributions	2012 Net Cost of Services	2011 Net Cost of Services	Increase (Decrease)	Percentage Change
Instruction	\$ 1,907,622	\$ 245,603	\$ 1,662,019	\$ 820,430	\$ 841,589	102.58%
Support Services:	-	-				
Administrative expenses	743,308	-	743,308	459,476	283,832	61.77%
Other support services	1,224,037	74,916	1,149,121	761,641	387,480	50.87%
	-	-			0	
Total Expenses	\$ 3,874,967	\$ 320,519	\$ 3,554,448	\$ 2,041,547	\$ 1,512,901	

Changes in expenditures were the results of varying factors. Current expense increased due to addition of a new grade and all the requisite costs associated with it and increased health benefit and utility costs.

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. Over the course of the year, the Charter School revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

Business-Type Activity

The business-type activity of the Charter School is the food service operation and after school programs. The food program revenue comprised charges for services and federal and state reimbursements grossing \$61,852 supplemented with the general fund transfer in the amount of \$79,644.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

General Fund Budgeting Highlights

The Charter School's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant of all the funds is the general fund as it provides resources for all other funds on a need basis.

The Charter School uses state-aid and other revenue-based budget. The budgeting systems are designed to tightly control total budget, but provide flexibility for Charter School management teams to modify if there is need to. During the course of fiscal 2011/2012, the Charter School amended its general fund budget as needed.

For general fund, the final budgeted revenues and "other financing sources" were \$4,271,178 which included a local share of \$496,829. Expenditures and "other financing uses" were budgeted at \$3,600,704.

Capital Assets

At the end of fiscal year 2012, the Charter School had completed capital asset of inventory. However, all the items acquired during the fiscal year 2011-2012 were valued below the \$2,000 threshold for capitalization. Accordingly, no capitalization of assets for the year ended June 30, 2012 is reported in the accompanying financial statements.

Long-term debt and capitalized lease obligations

At June 30, 2012, the Charter School had no long-term debt or mortgages on the school building.

Economic Factors and Next Year's Budget

The State of New Jersey continues to face serious budgetary constraints. This has impacted the amount of state aid allocated to charter schools. This reality was taken into account when adopting the general fund budget for 2012- 2011. Every effort was directed to providing quality education to the community. In the light of state budgetary constraints, the school budget was prepared to ensure that all students have the textbooks, materials supplies, equipment and programs needed to meet New Jersey's Core Curriculum Content Standards.

VISIONS ACADEMY CHARTER HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

Contacting the Charter School's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors with a general overview of the Charter School's finances and to reflect the Charter School's accountability for the monies it received during the course of the fiscal year. If you have questions about this report or additional financial information, contact Rev. Garvey Ince.

Rev. Garvey Ince
Director of operations
Visions Academy Charter High School
88-108 Shipman Avenue
Newark, New Jersey 07103

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the Charter School's operation. These financial statements present the financial position and operating results of all funds and account groups as of June 30, 2012.

CHARTER SCHOOL–WIDE FINANCIAL STATEMENTS

This Statement of Net Assets and the Statement of Activities display information about the Charter School as a whole. The Statement of Net Assets presents the financial condition of the government and business-type activities of the Charter School at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities.

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,232,184	\$ 12,153	\$ 1,244,337
Receivables- state	41,077	4,220	45,297
Receivables-federal	59,824	-	59,824
Other receivable	2,837	-	2,837
Interfund receivable	53,528		53,528
Other assets	34,000	-	34,000
Total Assets	<u>1,423,450</u>	<u>16,373</u>	<u>- 1,439,823</u>
LIABILITIES			
Accounts payable	16,530	-	16,530
Deferred revenue	108,571	-	108,571
Interfund payable	51,953	16,373	68,326
Other payable			
	<u>177,054</u>	<u>16,373</u>	<u>193,427</u>
NET ASSETS			
	-	-	-
Unrestricted	1,246,396	-	1,246,396
Total net assets	<u><u>\$ 1,246,396</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,246,396</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	\$ 1,907,622	\$ -	\$ 245,603	\$ -	(1,662,019)	\$ -	\$ (1,662,019)
Support services:							
Student & instruction related services	743,308	-	-	-	(743,308)	-	(743,308)
School administrative services	1,224,037	-	74,916	-	(1,149,121)	-	(1,149,121)
	-	-	-	-	-	-	-
Total governmental activities	3,874,967	-	320,519	-	(3,554,448)	-	(3,554,448)
Business-type activities:							
Food and After care service	142,539	1,043	141,496	-	-	-	-
Total business-type activities	142,539	1,043	141,496	-	-	-	-
Total primary government	\$ 4,017,506	\$ 1,043	\$ 462,015	\$ -	\$ (3,554,448)	\$ -	\$ (3,554,448)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 501,918	\$ -	\$ 501,918
Taxes levied for debt service					-	-	-
Federal and State aid not restricted					3,806,231	-	3,806,231
Miscellaneous Income					62,994	-	62,994
Total general revenues, special items, extraordinary items and transfers					4,371,143	-	4,371,143
Change in Net Assets					816,695	-	816,695
Net Assets—beginning					429,701	-	429,701
Net Assets—ending					\$ 1,246,396	\$ -	\$ 1,246,396

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**VISIONS ACADEMY CHARTER HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

Exhibit B-1

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 1,183,151	\$ 49,033	\$ 1,232,184
Receivables- state	41,077	-	41,077
Receivables - Federal	-	59,824	59,824
Interfund Receivable	40,319	13,209	53,528
Other receivable	-	2,837	2,837
Other assets	34,000	-	34,000
Total assets	<u>1,298,547</u>	<u>124,903</u>	<u>1,423,450</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	16,530	-	16,530
Deferred revenue	-	108,571	108,571
Interfund payable	35,621	16,332	51,953
Total liabilities	<u>52,151</u>	<u>124,903</u>	<u>177,054</u>

Fund Balances:

Unreserved, reported in:

General fund	1,246,396		1,246,396
	-	-	-
Total Fund balances	<u>1,246,396</u>	<u>-</u>	<u>1,246,396</u>
Total liabilities and fund balances	<u>\$ 1,298,547</u>	<u>\$ 124,903</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Total Acquisition Cost

Less Accumulated Depreciation	<u>0</u>	-
-------------------------------	----------	---

Resources used in governmental activities that are not financial		-
--	--	---

Net assets of governmental activities		<u>\$ 1,246,396</u>
---------------------------------------	--	---------------------

The accompanying Notes to Financial Statements are an integral part of this statement.

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B-2

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenue			
Local sources:			
"Local levy" local share	\$ 501,918	\$ -	\$ 501,918
Contributions	200	74,916	75,116
Miscellaneous	62,794	-	62,794
Total - Local Sources	564,912	74,916	639,828
State sources	3,806,231	-	3,806,231
Other sources	125,900		125,900
Federal sources	-	245,603	245,603
Total revenues	4,497,043	320,519	4,817,562
EXPENDITURES			
Current:			
Instruction	1,687,921	219,701	1,907,622
Undistributed Expenditures:			
Administrative cost	743,308	-	743,308
Support services	963,766	60,818	1,024,584
TPAF reimbursed	125,900	-	125,900
Capital outlay	79,809	40,000	119,809
Total expenditures	3,600,704	320,519	3,921,223
Excess (Deficiency) of revenues over expenditures	896,339	-	896,339
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	(79,644)	-	(79,644)
Total other financing sources and uses	(79,644)	-	(79,644)
Net change in fund balances	816,695	-	816,695
Fund balance—July 1	429,701	-	429,701
Fund balance—June 30	\$ 1,246,396	\$ -	\$ 1,246,396

The accompanying Notes to Financial Statements are an integral part of this statement.

VISIONS ACADEMY CHARTER HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances - governmental funds (from B-2)	\$ 816,695
---	------------

Amounts reported for governmental activities (A-2) are different :	-
--	---

-

-

-

-

Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ 816,695</div>
---	---

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Food Program
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,153
Government grants receivable	4,220
Inventories	-
Total current assets	<u>16,373</u>
Total assets	<u><u>16,373</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	-
Interfund payable	16,373
Total liabilities	<u>16,373</u>
NET ASSETS	
Unrestricted net assets	<u>-</u>
Total net assets	<u><u>\$ 16,373</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012**

Operating revenues:	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 1,043
Total operating revenues	<u>1,043</u>
Operating expenses:	
Cost of sales	93,617
Salaries	43,975
Employee benefits	4,947
Total Operating Expenses	<u>142,539</u>
Operating loss	(141,496)
Nonoperating revenues:	
State sources:	
State school lunch program	1,050
National school breakfast program	13,588
National school lunch program	47,214
Total nonoperating revenues	<u>61,852</u>
Loss before transfers	(79,644)
Transfers in (out)	<u>79,644</u>
Change in net assets	-
Total net assets-beginning	<u> </u>
Total net assets-ending	<u><u>\$ -</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,043
Other receipts	
Payments to employees	
Payment of miscellaneous	
Payments to suppliers	(82,916)
Net cash used for operating activities	(81,873)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from State and Federal reimbursements	\$ 61,852
Net cash provided by (used for) non-capital financing activities	61,852

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Change in capital contributions	
Purchases of capital assets	
Net cash provided by (used for) capital and related financing activities	-

Increase in Cash and Cash Equivalents (20,021)

Balances-beginning of year	36,394
Balances-end of year	<u>16,373</u>

Reconciliation of operating income (loss) to net cash provided**(used) by operating activities:**

Operating income (loss) provided by operating activities	(79,644)
(Increase) decrease in other current assets	(519)
Increase (decrease) in accounts payable	(1,710)
Increase (decrease) in deferred revenue	
Net cash used for operating activities	\$ (81,873)

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

Exhibit B-7

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 3,849	\$ 24,265
Interfund Receivable	-	16,327
	<u>3,849</u>	<u>40,592</u>
Total assets	<u>3,849</u>	<u>40,592</u>
LIABILITIES		
Interfund Payable	-	1,529
Salaries and withholdings	3,849	17,380
Due to student group	-	21,683
	<u>\$ 3,849</u>	<u>\$ 40,592</u>
Total liabilities	<u>\$ 3,849</u>	<u>\$ 40,592</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ -</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B-8

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan member	
Contributions to SUI	\$ 48,371
Other	
Total Contributions	<u>48,371</u>
DEDUCTIONS	
	-
Payroll expense	-
Payments to NJ Department of Labor	48,114
Administrative expenses	<u>257</u>
Total deductions	<u>48,371</u>
Change in net assets	-
Net assets—beginning of the year	-
Net assets—end of the year	<u><u>\$ -</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Visions Academy Charter High School (VACHS) is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the Charter School are included in this report. VACHS received its approved charter in July 2010. The school was founded by Rev. Garvey Ince along with a group of committed community members. The school facility provides outstanding educational space with a host of features to promote student success.

With the opening of its first year in 2011, VACHS's initial enrollment was 147 students, in Grade 9. This includes general education and special needs student enrollment. VACHS accepts special education and disabled children if appropriate application is made to the Charter School as required by law. The Charter School is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No. 14. In addition, it must comply with the New Jersey Charter school program Act of 1995 and regulations promulgated thereafter.

The Charter School is an instrument of the State of New Jersey, established to function as an educational institution. The mission of Visions Academy Charter High School (Visions Academy) is to graduate academically proficient young women and men for postsecondary education and leadership in the global community. Visions Academy will realize this mission by providing a challenging, comprehensive standards-based education that promotes outstanding academic achievement, high moral character, international awareness, and community accountability. The Charter School is committed to achieving the New Jersey Core Curriculum Content Standards and producing high academic achievement by all students. .

Component Units

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB's Codification of Governmental Accounting and Financial Reporting Standards is the degree of oversight responsibility maintained by the Charter School management.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B Basis of Presentation- Continued

Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the Charter School. The financial statements of The Charter School have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed for governmental units. The Governmental Accounting Standards Board (GASB) is the accounting standard-setting body responsible for establishing governmental accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Boards unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. In 2004, all charter schools adopted the GASB and the changes. Certain significant changes in the financial statements include the following:

- A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations
- Charter School-wide financial statements prepared using full-accrual accounting for all of the District’s activities and the economic resources measurement focus.
- Depreciation expense on the District’s capital assets is reflected in the Charter school-wide statement of activities. At June 30, 2012, no depreciation expense was recorded.
- Fund financial statements to focus on the major funds.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

C. Basic Financial Statements:

The Charter School's basic financial statements consist of Charter School- wide statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Charter School as a whole. These statements include the financial activities of the Charter School, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental and business-type activities of the Charter School at fiscal year end

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Charter School's governmental and business-type activities. The governmental activities generally are financed through federal and state awards, taxes and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

D Fund Financial Statements

Fund financial statements of the Charter School are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Charter School.

The Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Charter School at a more detailed level.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

E Governmental Funds

General Fund - The General Fund is the primary operating fund of the Charter School and is always classified as a major fund. It is used to account for all financial resources except those that are legally or administratively required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education, the Charter School included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings.

Improvement of ground, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. As of June 30, 2012 there was no Capital Projects Fund.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Debt Service Fund -The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on, bonds issued to finance major property acquisitions, construction, and improvement programs. As of June 30, 2008 there was no debt service fund.

F Proprietary Funds

The focus of Proprietary Funds' measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those to similar to business in the private sector. The following is a description of the Proprietary Funds of the Charter School.

Enterprise Funds:

The Enterprise Fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Charter School is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods and services to the students on a continuing basis be financed or recovered primarily through user charges; or where the Charter School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenue) and decreases (expenses) in net total assets.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Internal Service (Self-Insurance) Fund:

The Self-Insurance Fund is used to cover the self-insured limits of the various insurance policies for all funds. The Charter School does not use self insurance fund.

Fiduciary Funds

Fiduciary or trust and Agency Funds are used to account for assets held by the Charter School in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. This fund category includes:

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent.

Nonexpendable Trust Funds - Nonexpendable Trust Funds are used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligations to maintain the trust principal. At June 30, 2012, the school has no nonexpendable Trust Fund.

Agency Funds – Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involved measurement of results of operations. Agency funds include payroll and student activities funds.

G Measurement Focus and Basis of Accounting

Measurement Focus – Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. On the government-wide statements of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statement of these funds present increases (i.e., revenues and other financing sources), and decreases (i.e. Expenditures and other finances uses) during a given period. These funds use fund balance as their measure of available spend able financial resources at the end of the period.

All proprietary funds are accounted for on a flow economic resources measurement focus. With this measurement focus, the accounting adjectives are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flow. All assets and all liabilities, whether current or noncurrent, associated with their activities are included on the balance sheet. Fund equity (i.e., net total assets) is classified as net assets.

Basis of accounting

In the government wide statement of net assets and statements of activities, both governmental and business like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized when the liability, resulting from exchange and exchange like transactions, is incurred (i. e. the exchange takes place).

In the fund financial statements, governmental fund and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determine and “available” means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental funds revenues.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I Budgets/Budgetary Control

Annual appropriated budgets are prepared prior to July 1, for the General Fund. The budget is prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A. 2(m) 1. All budget amendments must be approved by the State Department of Education. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below.

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental funds types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognized the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. The following presents a reconciliation of the special revenue funds from budgetary basis of accounting to the GAAP basis of accounting:

Budget/Budgetary Control:

	2012
Total revenues and expenditures (budgetary basis)	\$ 320,519
Adjustments:	
Plus: Encumbrances at June 30, 2011	-
Less: Encumbrances at June 30, 2012	<u>-</u>
Total revenue and expenditures (GAAP basis)	<u>\$ 320,519</u>

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Cash, Cash Equivalent and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investment with a maturity of three months or less at the time of purchases and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchases are stated at cost. All other investment is stated at fair value.

New Jersey Charter Schools are limited as to the types of the investments and types of financial institution they may invest in, New Jersey statute 18A:20-37 provides a list of permissible investment that may be purchased by New Jersey Charter Schools. Additionally, the Charter School has adopted a cash management plan that requires it to deposit public fund in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. established the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan Institutions, bank (both state and national banks) and saving banks deposits which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposit of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

K. Tuition Payable

The Charter School did not send any of its students to any other Charter Schools during the fiscal year ended June 30, 2012.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

L. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase. Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) Method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

M. Interfund Assets/Liabilities.

On the fund financial statement, receivable and payables resulting from short-term Inter-fund loans are classified as Inter-fund Receivable/Payable. Inter-fund balanced within governmental activities and within business-type activities are eliminated on the government wide Statements of Net Assets.

N. Fixed Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Charter School as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation based for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the governmental fund capital assets. At June 30, 2012 the charter school has no qualifying fixed assets.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Fixed Assets - continued

Donated capital assets if any are capitalized at estimated fair market value on the date donated. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of the depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated lives</u>
School Building if owned	50years
Building and Buildings Improvements	15 years
Furniture and Equipment	5 years

O. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. The school policy is to pay as you go, thereby preventing accumulation of accrued sick leave or vacation beyond the current fiscal year. Compensated absences that are related to future services, or that are contingent on specific events that are outside the control of the Charter School and its employees, are accounted for in the period in which such service is rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with the expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. As of June 30, 2012, there were no accrued compensated absences at the Charter school.

P. Deferred Revenue

Deferred revenue in special revenue fund represents cash that has been received but not yet earned. As of June 30, 2012 the Charter has \$108,571 consisted of Newark Charter School fund of \$63,571 and Victoria Foundation Fund in the amount \$45,000.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Q Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payable, accrued liabilities, and long term- obligations payable from the enterprises fund are reported and the enterprises fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are pay in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payments during the current year.

Fund Balance and Equity

In the fund financial statements, governmental fund report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for specific future use. Designated fund balance represents plans for future use of financial resources.

Net Assets

Net Assets on the *Statement of Net Assets* include the following:

Investments in Capital Assets , net of Related Debt - the component of net asset there reports the differences between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributed to the acquisition, construction or improvement of those assets.

Restricted for Specific Purposes –

The component of net assets that reports the difference between assets and liabilities of the certain programs that consist of assets with constraints placed on their use by either external parties and /or enabling legislation.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by creditors.

Unrestricted - the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of Related Debt, Net Assets Restricted for Specific Purposes or Net Assets Restricted for Debt Services.

Contributed Capital

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds.

Inter-fund Transactions

Inter-fund transfers are defined as the flow of assets, such as cash or goods, without equivalent flows of assets in return. Inter-fund borrowings are reflected as “Due from/to Other Funds” on the accompanying financial statements. All other inter-fund transfers are reported as operating transfer.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the recorded amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

On-Behalf Payments

Revenues and expenditures of the General Fund include payment made by the state of New Jersey for Pension and social security contributions for certified teacher members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the Charter School’s annual budget.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash, change funds and amounts on deposit with local banks. New Jersey statutes require that Charter School deposit public funds in public depositories located in New Jersey which is insured by the Federal Deposit Insurance Corporation up to \$250,000 per account, or covered by a collateral pool maintained by the banks as required by New Jersey statutes. As of June 30, 2012, cash and cash equivalents consisted of the following:

General Fund	Special Revenue	Food Program	Net Payroll	Payroll Agency	2011 Total
\$ 1,183,151	\$ 49,033	\$ 12,153	\$ 24,265	\$ 79,860	\$ 1,244,337
-	-	-	-	-	-
\$ 1,183,151	\$ 49,033	\$ 12,153	\$ 24,265	\$ 79,860	\$ 1,244,337

Custodial credit risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that the School disclose bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012 the School's bank balances amounted to \$1,244,337 and were not exposed to custodial credit risk since all deposits were insured by FDIC and GUPDA. In accordance with GASB statement No.3, the school is required to disclose the level of custodial credit risk assumed in its cash and cash equivalents and investments in different categories.

Category 1 included deposits or investments held by the Charter School's custodial risk assumed by the charter school in its cash, cash equivalents and investments. The balance of \$1,244,337 is a category 1 as disclosed in the financial statements.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Custodial credit risk- Continued

Category 2 includes uninsured and unregistered deposits or investment held by the charter school's custodial bank trust department or agent but not in the Charter School name

NOTE3. FIXED ASSETS

The charter school's capitalization policy is consistent with New Jersey State Department of Education. Thus, the current year additions were expended as the acquisition costs were below the established threshold of \$2,000 for all the acquired assets.

NOTE 4. OPERATING LEASES

The Charter School is committed to a lease agreement under a non-cancelable annual operating lease with St James Youth Services with an option to renew for two additional terms of one year beginning July 1, 2010 through June 30, 2012. The lease is on the school building located at 460 Shipman Street, Newark, New Jersey.
The future minimum lease payments are as follows:

<u>July 1,</u>	<u>Amount</u>
2012	408,000
2013	408,000

The total rent expense for the fiscal ended June 30, 2012 was \$405,500

NOTE 5 FEDERAL STATE AIDS

Federal and State aids are generally subject to review by the responsible governmental agencies for compliance with the agencies' regulations governing the aids. In the opinion of the Charter School's management, any potential adjustments to the Federal or State aid recorded by the Charter School through June 30, 2012, resulting from a review by a responsible government agency will not have a material effect on the Charter School financial statements at June 30, 2012.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 6 COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and paid sick days for unused sick days and earned vacations. The Charter School policy is to forfeit any unused sick days at the end of fiscal year to prevent accumulation of sick days into the future. The unused vacations are usually accrued if there are any. At June 30, 2012, there were no unused vacations to be accrued.

NOTE 7 PENSIONS PLANS

A) Description of Plans

All eligible employees of the Charter School are covered by either the Public employee's Retirement System or the Teacher's Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefit (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirements System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as a January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirements health care to substantially all full time certified teachers or professional staff of the public school systems in the State. The Teacher's Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the systems other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 7 PENSIONS PLANS - CONTINUED

Public Employees' Retirement System (PERS)

The public Employees' Retirement Systems (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county municipality, Charter School, or public agency provided the employee is not a member of another state-administered retirement system. The public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post retirement health care coverage.

Significant Legislation

P.L. 2010 effective May 21, 2010 made a number of changes to the state administered retirement systems concerning eligibility, the retirement allowance formula, the definition of composition, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor part of the PERS, and employer contributions to the retirement system.

The legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for the new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time of five years of pension service credit is attained. The law also requires the state to make its full pension contribution, defined as 1/7th of the required amount, beginning in the fiscal year 2012.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 7 PENSIONS PLANS - CONTINUED

TP. L. 2010, c.3 effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the state to individuals enrolled in the state "defined contribution" retirement program.

C. Contribution requirement

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5 % and 5.5%, respectively of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustment, noncontributory death benefits, and post-retirement medical premiums. The Charter School has now become a contributing employer of the TPAF and PERS late in the year. Accordingly, it was not eligible to receive State of New Jersey reimbursement during the year ended June 30, 2012 for the employer's share of pension contributions for TPAF members calculated on their base salaries. All reimbursement adjustment will be performed by the Pension Board in the next fiscal year.

NOTE 8 POST EMPLOYMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Public law (P.L.) 2007, c 103 amended the law to eliminate the funding of postretirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 8 POST EMPLOYMENT BENEFITS- CONTINUED

As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994.

Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994. The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

NOTE 9 DEFERRED COMPENSATION

The Charter School has no other deferred compensation other than the New Jersey State TPAF and PERS as mentioned above. Accordingly, no amount has been recorded in the accompanying financial statements.

NOTE 10 SOCIAL SECURITY TAX REIMBURSEMENTS

In accordance with N.J. S.A. 18A: 66-66 of the State of New Jersey reimbursed the school \$51,447 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. The balance for 2012 was \$125,900 which has been included in the accompanying CAFR as revenue and expenditure.

NOTE 11 RISK MANAGEMENT

The Charter School is exposed to various risks of loss relates to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Property and Liability Insurance

The Charter School maintains commercial insurance coverage for property, liability, and student's accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Charter School is billed quarterly for the amounts due New Jersey division of labor.

The Charter School maintains commercial insurance coverage for property, liability, and student's accident and surety bonds. The following is a summary of the school contribution to the state for benefits paid and the ending balance of the Charter school's trust contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the Charter School's trust fund for the current and the previous years.

<u>Fiscal year</u>	<u>Contributions</u>	<u>Ending Balance</u>
2011-2012	\$48,371	\$ -0-

A complete schedule of insurance coverage can be found in the Statistical Section of this CAFR

NOTE 12 BUSINESS RISK

The Charter School receives its support from federal, state and local governments. A significant reduction in the level of support, if it were to occur would have an impact on the Charter School's programs and activities.

VISIONS ACADEMY CHARTER HIGH SCHOOL

ESSEX COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 13 COMMITMENTS

The grant program is subject to financial and compliance audits by the grantors or their representatives. The final determination on the allowability of costs resulting from expenditures funded by New Jersey Department of Education (NJDOE) remains with NJDOE. Management is not aware of any material items of non compliance which would result in disallowance of program expenditures.

NOTE 14 RECENTLY REGULATED REGULATIONS

Pursuant to Chapter 78 P.L. 2011 increases in employees contributions for health insurance were effective on October 1, 2011. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

NOTE 15 SUBSEQUENT EVENTS

The Charter School has evaluated subsequent events through December 21, 2012 the date of financial statements issuance and as such date, no subsequent events required disclosures.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON

**VISIONS ACADEMY CHARTER HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Levy -Local share	\$ 548,127	\$ (51,298)	\$ 496,829	\$ 501,918	5,089
Contributions			0	200	200
Miscellaneous	-	-	-	62,794	62,794
Total - Local Sources	548,127	(51,298)	496,829	564,912	68,083
Categorical Aid:					
Local Levy -State share	3,427,550	(100,265)	3,327,285	3,601,990	274,705
Security Aid	131,193	(33,549)	97,644	101,527	3,883
Other unrestricted State Aid		256,714	256,714	1,947	(254,767)
Special Education Aid	159,055	(66,349)	92,706	100,767	8,061
Total State Sources	3,717,798	56,551	3,774,349	3,806,231	31,882
Revenue from Other Sources:					
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	125,900	125,900
Total Revenue from Other Sources	-	-	-	125,900	125,900
Total Revenues	4,265,925	5,253	4,271,178	4,497,043	225,865
EXPENDITURES:					
Current Expense:					
Instruction					
Salaries of Teachers	1,554,000	(37,200)	1,516,800	1,419,823	96,977
Other Salaries for Instruction	-	37,200	37,200	24,366	12,834
Purchased Professional-Educational Services			-		-
Purchased Technical Services	13,000	12,000	25,000	11,284	13,716
Other Purchased Services (400-500 series)	44,400	95,000	139,400	115,974	23,426
General Supplies	115,000	-	115,000	72,008	42,992
Textbooks	65,000	8,000	73,000	35,578	37,422
Miscellaneous Expenditures	30,000	(13,000)	17,000	8,888	8,112
Total Instruction	1,821,400	102,000	1,923,400	1,687,921	235,479

**VISIONS ACADEMY CHARTER HIGH SCHOOL
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
Undist. Expend. - Administrative Cost					
Salaries	425,700	(28,900)	396,800	381,815	14,985
Salaries of Secretarial and Clerical Assistants			-	-	-
Total Benefit Costs	572,327	(271,299)	301,028	234,035	66,993
Professional/Technical Service	51,250	47,000	98,250	66,042	32,208
Other Purchased Services 400-500	8,000	32,000	40,000	26,021	13,979
Communications/Telephone	27,700	12,500	40,200	28,553	11,647
Supplies and Materials	6,000	(1,500)	4,500	2,508	1,992
Interest on current loans	2,000	(2,000)	-	-	-
Miscellaneous Expenditures		5,000	5,000	4,334	666
Salaries			-	-	-
Total Undist. Expend. - Administrative Cost	1,092,977	(207,199)	885,778	743,308	142,470
Undist. Expend. - Support Services					
Salaries	329,155	(89,875)	239,280	118,956	120,324
Other Purchased Services and Technical Service	140,000	76,000	216,000	189,721	26,279
Other Purchased Services (400-500 series)	100,000	74,000	174,000	121,731	52,269
Rental	409,200		409,200	405,500	3,700
Insurance-Fidelity, Liability, Property	22,000	10,200	32,200	31,964	236
Supplies and Materials	50,000		50,000	28,210	21,790
Energy costs	75,000		75,000	63,951	11,049
Travel			-	-	-
Miscellaneous Expenditures	15,000	-	15,000	3,733	11,267
Total Undist. Expend. - Support Services	1,140,355	70,325	1,210,680	963,766	246,914
TOTAL UNDISTRIBUTED EXPENDITURES	2,233,332	(136,874)	2,096,458	1,707,074	389,384
TOTAL GENERAL CURRENT EXPENSE	4,054,732	(34,874)	4,019,858	3,394,995	624,863
CAPITAL OUTLAY					
Instructional equipment	40,000	68,000	108,000	61,639	46,361
Non-instructional equipment	40,000	-	40,000		40,000
Purchase of land/improvement	20,000	-	20,000	18,170	1,830
Miscellaneous expenses	-	-	-	-	-
Total Capital Outlay	100,000	68,000	168,000	79,809	88,191
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	125,900	(125,900)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	125,900	(125,900)
TOTAL EXPENDITURES	4,154,732	33,126	4,187,858	3,600,704	587,154
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	111,193	(27,873)	83,320	896,339	813,019
OTHER FINANCING SOURCES (USES)					
Transfer in /(out)	-	-	-	(79,644)	(79,644)
	111,193	(27,873)	83,320	816,695	733,375
Fund Balance, July 1	429,701	-	429,701	429,701	-
Fund Balance, June 30	\$ 540,894	\$ (27,873)	\$ 513,021	\$ 1,246,396	\$ 733,375

**VISIONS ACADEMY CHARTER HIGH SCHOOL
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-	-
Federal Sources	310,009	20,000	330,009	245,603	(84,406)
Contributions	68,447	70,000	138,447	74,916	(63,531)
Total Revenues	378,456	90,000	468,456	320,519	(147,937)
EXPENDITURES:					
Instruction					
Salaries of Teachers	191,250	-	191,250	144,066	47,184
Other Salaries for Instruction	-	-	-	-	-
Personal Services - Employee Benefits	29,729	-	29,729	24,668	5,061
Purchased Professional - Educational Services	2,913	137	3,050	3,050	-
Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services	32,977	-	32,977	14,344	18,633
General Supplies	33,573	-	33,573	33,573	-
Textbooks	-	-	-	-	-
Other Objects	25	(25)	-	-	-
Total Instruction	290,467	112	290,579	219,701	70,878
Support Services					
Salaries of Other Professional Staff	60,009	29,888	89,897	30,000	59,897
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional - Educational Services	27,980	-	27,980	27,980	-
Other Purchased Professional Services	-	20,000	20,000	2,838	17,162
Total Support Services	87,989	49,888	137,877	60,818	77,059
Facilities Acquisition and Construction Services:					
Buildings	-	40,000	40,000	40,000	-
Total Facilities Acquisition and Const. Services	-	40,000	40,000	40,000	-
Total Expenditures	378,456	90,000	468,456	320,519	147,937
Excess (Deficiency) of Revenues Over (Under)		0			
Other Fin.Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**VISIONS ACADEMY CHARTER HIGH SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE YEAR ENDED JUNE 30, 2012**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 4,497,043	[C-2] \$ 320,519
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>4,497,043</u>	[B-2] \$ <u>320,519</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 3,600,704	[C-2] \$ 320,519
Differences - budget to GAAP		
The district budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis.		-
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues,	[B-2] \$ <u>3,600,704</u>	[B-2] \$ <u>320,519</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

VISIONS ACADEMY CHARTER HIGH SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit E-1

	CDBG	NCLB			IDEA Part A	Victoria	Newark		Total
		Title I	Title I c	Title II		Foundation	Education Fund		
REVENUES									
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 34,916	\$ 74,916	
State Sources	-			-	-	-	-	-	
Federal Sources	2,838	207,849	5,439	1,497	27,980			245,603	
Contributions	-							-	
Total Revenues	2,838	207,849	5,439	1,497	27,980	40,000	34,916	320,519	
EXPENDITURES:									
Instruction:									
Salaries of Teachers		141,650		-	-	-	2,416	144,066	
Other Salaries for Instruction		-	-	-	-	-	-	-	
Personal Services - Employee Benefits		24,668	550		-	-	2,500	24,668	
Purchased Professional - Educational Services					-	-	-	3,050	
Purchased Professional and Technical Services					-	-	-	-	
Other Purchased Services		12,731	116	1,497	-	-	-	14,344	
General Supplies		28,800	4,773	-	-	-	-	33,573	
Other Objects		-	-	-	-	-	-	-	
Total instruction	-	207,849	5,439	1,497	-	-	4,916	219,701	
Support services:									
Salaries of Other Professional Staff	-	-	-	-	-	-	30,000	30,000	
Purchased Professional - Educational Services	-	-	-		27,980			27,980	
Other Purchased Professional Services	2,838				-			2,838	
Total support services	2,838	-	-	-	27,980	-	30,000	60,818	
Facilities acquisition and construction:									
Buildings	-		-	-	-	40,000	-	40,000	
Noninstructional Equipment	-	-	-	-	-	-	-	-	
Total facilities acquisition and construction	-	-	-	-	-	40,000	-	40,000	
Total Expenditures	2,838	207,849	5,439	1,497	27,980	40,000	34,916	320,519	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by propriety funds. At June 30, 2012, there was no capital project fund.

ENTERPRISE FUNDS DETAIL STATEMENTS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Charter School is that the costs of providing goods and services be financed through user charges. Food Service Fund - provides for the operation of food services for the Charter School.

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

	<u>Food Program</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 12,153
Government grants receivable	4,220
Inventories	-
Total current assets	<u>16,373</u>
Total assets	<u><u>16,373</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	-
Interfund payable	16,373
Total liabilities	<u>16,373</u>
	-
NET ASSETS	
Unrestricted net assets	<u>-</u>
	<u>-</u>
Total net assets	<u><u>\$ 16,373</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

Operating revenues:

Charges for services:

Daily sales - non-reimbursable programs	\$ 1,043
Total operating revenues	<u>1,043</u>

Operating expenses:

Cost of sales	93,617
Salaries	43,975
Employee benefits	4,947
Total Operating Expenses	<u>142,539</u>
Operating loss	<u>(141,496)</u>

Nonoperating revenues:

State sources:

State school lunch program	1,050
National school breakfast program	13,588
National school lunch program	47,214
Total nonoperating revenues	<u>61,852</u>
Loss before transfers	<u>(79,644)</u>
Transfers in (out)	<u>79,644</u>
Change in net assets	-
Total net assets-beginning	<u> </u>

Total net assets-ending	<u><u>\$ -</u></u>
-------------------------	--------------------

The accompanying Notes to Financial Statements are an integral part of this statement.

**VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,043
Payments to suppliers	(82,916)
Net cash used for operating activities	(81,873)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from State and Federal reimbursements	\$ 61,852
Net cash provided by (used for) non-capital financing activities	61,852

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Change in capital contributions	
Purchases of capital assets	
Net cash provided by (used for) capital and related financing activities	-

Increase in Cash and Cash Equivalents	(20,021)
Balances-beginning of year	36,394
Balances-end of year	16,373

Reconciliation of operating income (loss) to net cash provided

(used) by operating activities:

Operating income (loss) provided by operating activities	(79,644)
(Increase) decrease in other current assets	(519)
Increase (decrease) in accounts payable	(1,710)
Increase (decrease) in deferred revenue	
Net cash used for operating activities	\$ (81,873)

The accompanying Notes to Financial Statements are an integral part of this statement.

<p>FIDUCIARY FUNDS DETAIL STATEMENTS</p>

Trust funds are used to account for gifts and bequests to the Charter School for specific purposes.

Unemployment Compensation Insurance Trust Fund is an expendable trust fund used to account for unemployment transactions of the Charter School.

At June 30, 2012 there was no non-expendable trust fund utilized by the Charter School.

Agency funds are used to account for assets held by the Charter School as an agent for individuals, private organizations, governmental and/or other funds.

Payroll Fund - This agency fund is used to account for the payroll transactions of the Charter School.

VISIONS ACADEMY CHARTER HIGH SCHOOL

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

	Unemployment Compensation Insurance	Agency			Total Agency Fund
		Payroll Agency	Net Payroll	Student Activities	
ASSETS					
Cash and cash equivalents	\$ 3,849	\$ 16,738	\$ 3,022	\$ 656	\$ 24,265
Interfund Receivable	-	16,327	-	-	16,327
Total assets	3,849	33,065	3,022	656	40,592
LIABILITIES					
Interfund Payable	\$ -	\$ 1,300	\$ 229	\$ -	\$ 1,529
Salaries and withholdings payable	3,849	10,738	2,793	-	17,380
Due to student group	-	21,027	-	656	21,683
Total liabilities	3,849	33,065	3,022	656	40,592
NET ASSETS					
Reserved for unemployment claims and other purposes	-	-	-	-	-
	-	-	-	-	-
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ -

VISIONS ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	\$ 48,371
Other Revenues	
	-
Total Contributions	<u>48,371</u>
DEDUCTIONS	
Payment to State Dept of Labor	48,114
Interfund Payable	
Administrative expenses	257
Total deductions	<u>48,371</u>
Change in net assets	-
Net assets-beginning of the year	-
Net assets-end of the year	<u><u>\$ -</u></u>

VISIONS ACADEMY CHARTER HIGH SCHOOL

STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENT
 JUNE 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursement</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Student Activity Fund	\$ -	\$ 3,656	\$ 3,000	\$ 656
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>3,656</u>	<u>3,000</u>	<u>656</u>

VISIONS ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2012

<u>Assets</u>	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2012</u>
Cash	\$ 79,860	\$ 767,517	\$ 830,639	16,738
Interfund receivable	-	-	-	-
Total assets	<u>\$ 79,860</u>	<u>\$ 767,517</u>	<u>\$ 830,639</u>	<u>\$ 16,738</u>
<u>Liabilities</u>				
Interfund payable	\$ 79,860	\$ -	\$ 79,860	\$ -
Payroll deductions and withholdings	0	728,872	712,134	16,738
Other payable	-	-	-	-
Total liabilities	<u>\$ 79,860</u>	<u>\$ 728,872</u>	<u>\$ 791,994</u>	<u>\$ 16,738</u>

LONG-TERM DEBT

The long-term debt is used to record the outstanding principal balances of the long term liabilities of the charter school. This includes the outstanding principal balance on capital lease, the accrued liability for insurance claims and the liability for compensated absences and the outstanding principal balance on certificates of participation outstanding. As of June 30, 2012 there were no activities to be reported in this section.

STATISTICAL SECTION

GASB requires 10 years of statistical data be presented. The Charter School is in operation for two fiscal years. Each year thereafter, an additional year's data will be included up to ten years.

VISIONS ACADEMY CHARTER SCHOOL
NET ASSETS BY COMPONENT
Fiscal Years Ending
(Accrual basis of accounting)
Unaudited

Exhibit J-1

	<u>2012</u>	<u>2011</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ -	\$ -
Restricted		
Unrestricted	<u>1,246,396</u>	<u>429,701</u>
Total governmental activities net assets	<u>\$ 1,246,396</u>	<u>\$ 429,701</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ -	\$ -
Restricted	-	-
Unrestricted	<u>-</u>	<u>-</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>
District-wide		
Invested in capital assets, net of related debt	\$ -	\$ -
Restricted	-	-
Unrestricted	<u>1,246,396</u>	<u>429,701</u>
Total district net assets	<u>\$ 1,246,396</u>	<u>\$ 429,701</u>

VISIONS ACADEMY CHARTER HIGH SCHOOL
CHANGES IN NET ASSETS
Unaudited
(accrual basis of accounting)

Exhibit J-2

Fiscal Years Ending

	2012	2011
Expenses		
Governmental activities		
Instruction	\$ 1,907,622	\$ 954,356
Administration	743,308	459,476
Support Services:	1,230,128	934,456
Capital Outlay	119,809	40,402
Total governmental activities expenses	\$ 4,000,867	\$ 2,388,690
Business-type activities:		
Food service	142,539	82,199
After Child Care		
Total business-type activities expense	142,539	82,199
Total district expenses	\$ 4,143,406	\$ 2,470,889
Program Revenues		
Governmental activities:		
Revenue		
Operating grants and contributions	371,503	182,337
Capital grants and contributions	74,916	164,806
Total governmental activities program revenues	446,419	347,143
Business-type activities:		
Charges for services		
Food service	1,043	1,637
After care and other services	0	0
Operating grants and contributions	141,496	80,562
Capital grants and contributions	0	0
Total business type activities program revenues	\$ 142,539	\$ 82,199
Total district program revenues		
Net (Expense)/Revenue		
Governmental activities	(3,554,448)	(2,041,547)
Business-type activities		
Total district-wide net expense	\$ (3,554,448)	\$ (2,041,547)
General Revenues and Other Changes in Net Assets		
Governmental activities:		
General purposes		
Grants and contributions(Federal/state aid)	3,806,231	2,128,118
Miscellaneous income	564,912	343,130
Transfers		
Total governmental activities	4,371,143	2,471,248
Business-type activities:		
Excess expenditures over revenue	0	0
Transfers	0	0
Total business-type activities	\$ 4,371,143	\$ 2,471,248
Total Charter -wide		
Change in Net Assets		
Governmental activities	\$ 816,695	\$ 429,701
Business-type activities	-	-
Total Charter School	\$ 816,695	\$ 429,701

VISIONS ACADEMY CHARTER HIGH SCHOOL
FUND BALANCES-GOVERNMENTAL FUNDS

Exhibit J-3

Fiscal Years Ending
Unaudited

Fiscal Years ending June 30,

	<u>2012</u>	<u>2011</u>
General Fund		
Reserved	\$ -	\$ -
Unreserved	<u>1,246,396</u>	<u>429,701</u>
Total general fund	<u><u>\$ 1,246,396</u></u>	<u><u>\$ 429,701</u></u>
All Other Governmental Funds		
Reserved	\$ -	\$ -
Unreserved, reported in:		
Total all other governmental funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total governmental funds	<u><u>\$ 1,246,396</u></u>	<u><u>\$ 429,701</u></u>

VISIONS ACADEMY CHARTER HIGH SCHOOL
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Fiscal Years Ending June 30,

Exhibit J-4

Unaudited
(modified accrual basis of accounting)

	2012	2011
Revenues		
Local sources	\$ 501,918	303,408
Contribution	75,116	187,032
Other sources	125,900	48,411
Miscellaneous	62,794	2,242
State sources	3,806,231	2,128,118
Federal sources	245,603	149,180
Total revenue	<u>4,817,562</u>	<u>2,818,391</u>
Expenditures		
Instruction		
Regular Instruction	1,907,622	954,356
Support Services:		
General administration	743,308	459,476
School administrative services	1,024,584	934,456
Other Support Services	79,644	-
Employee benefits	125,900	-
Capital outlay	119,809	40,402
Total expenditures	<u>4,000,867</u>	<u>2,388,690</u>
Excess (Deficiency) of revenues over (under) expenditures	816,695	429,701
Other Financing sources (uses)		
Total other financing sources (uses)	<u>0</u>	<u>0</u>
Net change in fund balances	<u>\$ 816,695</u>	<u>\$ 429,701</u>

VISIONS ACADEMY CHARTER HIGH SCHOOL

Exhibit J-16

**FULL TIME EQUIVALENT CHARTER SCHOOL EMPLOYEES BY
FUNCTION/PROGRAM**

Unaudited

(modified accrual basis of accounting)

Fiscal Years Ending June 30,

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>
Instruction		
Regular	20	11
Special education	4	2
Other special education		
Vocational		
Other instruction	2	
Nonpublic school programs		
Adult/continuing education programs		
Support Services:		
Student & instruction related services		
General administration	2	2
School administrative services	1	4
Other administrative services	7	
Central services		
Administrative Information Technology		
Plant operations and maintenance	1	1
Pupil transportation		
Other support services		
Special Schools		2
Food Service		
Child Care		
Total	<u>37</u>	<u>22</u>

Source: District Personnel Records

VISIONS ACADEMY CHARTER HIGH SCHOOL
OPERATING STATISTICS

Exhibit J-17

Fiscal Years Ending June 30,

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) *	% Change in Average Daily Enrollment	Student Attendance Percentage
						K	ELEMENTARY	GRADE 9-12				
2012	262	3,921,223	14,967	15.33%	26	0	0	1.11	256.8	251.6	97.24%	97.25%
2011	144	2,388,690	16,588	100.00%	13	0	0	1.11	141.1	138.3	100.00%	100.00%

VISIONS ACADEMY CHARTER HIGH SCHOOL

INSURANCE SCHEDULE

Exhibit J-20

JUNE 30, 2012

UNAUDITED

	<u>COVERAGE</u>
Workers' compensation	
Bodily injury by accident	\$ 1,000,000
Each employee	1,000,000
Policy Limit	1,000,000
Property	100,000
	-
Crime Coverage	
Employee Dishonesty Bond	250,000
Comprehensive general Liability	
Commercial Package policy	500,000
Commercial General Liability	2,000,000
Bodily injury from products and completed operations	
General Liability	3,000,000
Student Activities	5,000,000
School leaders errors and omission policy	
Directors and officers liability	1,000,000
Professional liabilities	1,000,000

SINGLE AUDIT SECTION



ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANT
& MANAGEMENT CONSULTANT
Member of AICPA, NJCPA & MACPA

744 BROAD STREET 10TH FLOOR
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404-8858

EXHIBIT K-1

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable President and
Members of the Board of Trustees
Visions Academy Charter High School, Inc.
Essex County, New Jersey

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Visions Academy Charter High School, Inc. (VACHS), in the County of Essex, State of New Jersey as of and for the fiscal year ended June 30, 2012 and have issued our report thereon, dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Visions Academy Charter High School, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Visions Academy Charter High School, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Visions Academy Charter High School, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Charter School's financial statements will not be prevented, or detected and corrected on a timely basis.

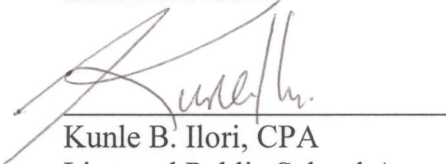
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether VACHS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by Division of Finance and regulatory compliance, Department of Education, State of New Jersey.

This report is intended for the information of the management and Board of Trustees of Visions Academy Charter High School, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ilori CPA LLC



Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

December 21, 2012
Newark, New Jersey



ILORI CPA LLC
CERTIFIED PUBLIC ACCOUNTANT
& MANAGEMENT CONSULTANT
Member of AICPA, NJCPA & MACPA

744 BROAD STREET 10TH FLOOR
NEWARK, NEW JERSEY 07102
Telephone (973)-621-5780
Fax (973) 404-8858

EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and
Members of the Board of Trustees
Visions Academy Charter High School , Inc.
Essex County, New Jersey

Compliance

We have audited the compliance of the management of Newark Legacy Charter School, Inc., in the county of Essex, State of New Jersey (the "Charter School"), with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that are applicable to each of its major state program for the fiscal year ended June 30, 2012. The Charter School's major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state program is the responsibility of the Charter School management. Our responsibility is to express an opinion on Charter School's compliance, based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major and federal or state program occurred.

An audit includes examining, on a test basis, evidence about the Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Charter School's compliance with those requirements.

In our opinion, Visions Academy Charter High School Inc, in the county of Essex, State of New Jersey, complied in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012.

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04**

Internal Control over Compliance

The management of the Charter School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Charter School's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04.

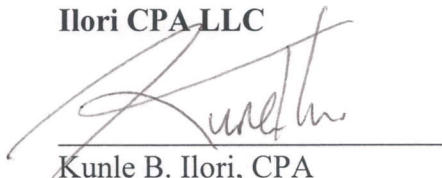
A deficiency in Charter School's internal control over compliance may exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of federal or state program will not be prevented or detected by the Charter School's internal control.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. Our consideration of the internal control over compliance was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as described above.

This report is intended for the information of the management of Visions Academy Charter High School Inc, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ilori CPA LLC



Kunle B. Ilori, CPA
Licensed Public School Accountant
No. 20CS00233100

December 21, 2012
Newark, New Jersey

VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY

EXHIBIT K-3
SCHEDULE A

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	Federal CFDA No.	Grant or State Project No.	Program Name	Program Balance or Award Amount	Grant Period	(Accts. Rec.)	Carryover	Cash Received	Budgetary Expenditures	Adjustment	(Accts. Rec.)	Due to
						Def. Rev Balance 06/30/11	Amount Over				Def. Rev 06/30/12	Grantor 06/30/12
U.S. Department of Education Passed-through State Dept. of Education:												
Federal Food Program	10.558			\$ 61,852	09/1/11-8/31/12	\$ (3,701)	\$ -	\$ 65,553	\$ 61,852	\$ -	0	\$ -
Public Charter School	84.282A		CADRE	20,584	09/1/11-8/31/12	(20,584)		20,584	-			
NCLB -Title I	84.01A	NCLB643003	Title I	207,849	09/1/11-8/31/12	(37,423)		185,448	207,849	-	(59,824)	
NCLB -Title I c	84.011A	NCLB643003	Title I	5,439	09/1/11-8/31/12	-		5,439	5,439		0	
NCLB -Title II	84.367A	NCLB643003	Title II	1,497	09/1/11-8/31/12	(2,799)		4,296	1,497		0	
IDEA - Individuals with disabilities Education Act	84.027		IDEA	27,980	09/1/11-8/31/12	0		27,980	27,980		0	
Total U. S. Dept. of Education				\$ 325,201		\$ (64,507)	\$ -	\$ 309,300	\$ 304,617	\$ -	\$ (59,824)	\$ -

See accompanying Notes to Schedules of Expenditures of Federal Awards

VISIONS ACADEMY CHARTER HIGH SCHOOL
ESSEX COUNTY

EXHIBIT K-4

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

SCHEDULE B

JUNE 30, 2012

STATE GRANTOR/ PROGRAM TITLE	Grant or State Project No.	Program or Award Amount	Grant Period	(Accts. Rec.) Def. Rev June 30, 2011	Carryover (Walkover) Over Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment or Prior Year's Balance	(Accts. Rec.) Def. Rev June 30, 2012	Due to Grantor June 30, 2012
State Department of Education											
General Fund:											
Equalization Aid	12-495-034-5120-078	\$ 3,863,283	7/1/11-6/30/12	\$ 69,092	-	\$ 3,759,167	\$ 3,863,283		\$ -	(35,024)	-
Security Aid	12-495-034-55120-084	96,457	7/1/11-6/30/12	-	-	96,457	96,457		-	-	-
Special Education	12-495-034-5120-089	92,706	7/1/11-6/30/12	-	-	92,706	92,706		-	-	-
TPAF - Social Security	12-495-034-5095-002	125,900	7/1/11-6/30/12	(3,654)	-	123,501	125,900		-	(6,053)	-
Total State Financial Assistance		<u>4,178,346</u>		<u>65,438</u>	<u>-</u>	<u>4,071,831</u>	<u>4,178,346</u>	<u>-</u>	<u>-</u>	<u>(41,077)</u>	<u>-</u>
Total expenditures general											

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Board of Trustees, Visions Academy Charter High School. The Board of Trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the modified accrual basis of accounting with the exception of those recorded in the special revenue, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation, of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedule on the modified basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The net adjustment to reconcile from budgetary basis to GAAP basis is \$0 for general fund and \$ 0 for special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS- CONTINUED

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,308,149	\$ 4,308,149
Special Revenue Fund	245,603	-	245,603
	-	-	-
Total	<u>\$ 245,603</u>	<u>\$ 4,308,149</u>	<u>\$ 4,553,752</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the Food distribution program represent current year value received and current year distributions respectively. The amount reported as TPAF represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 6. SCHOOL WIDE PROGRAM FUNDS

School-wide programs are not separate federal programs as defined in OMB Circular A-133; amounts used in school wide programs are included in the total expenditures of the program contributing the funds in the schedule of expenditures of the program contributing the funds in the schedule of expenditures of federal and state awards.

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

* Material weakness (es) indentified?

_____ yes

 X no

* Significant deficiencies identified that are not
considered to be material weaknesses

_____ yes

 X none reported

* Noncompliance material to basic financial
statements noted?

_____ yes

 X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified?

_____ yes

 X no

* Significant deficiencies identified that are not
considered to be material weaknesses

_____ yes

 X no

Type of auditor's report issued on compliance
for major programs:

Unqualified

CFDA Numbers

N/A

Name of Federal Program

N/A

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Awards

Financial Statements

Type of auditor's report issued: Unqualified

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Internal control over major programs:

* Material weakness(es) identified? yes X no

* Significant deficiencies identified that are not
considered to be material weaknesses yes X no

Type of auditor's report issued on compliance
for state major programs: Unqualified

<u>GMIS Number (s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	Equqlization Aid

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDING

Current Year

There are no single audit findings

**SUMMARY SCHEDULE OF PRIOR YEAR
AUDIT FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

2012-01 Bank reconciliation

Condition

In reviewing the accuracy and completeness of the of bank reconciliations, we noted that the bank reconciliations was not properly prepared for both general fund and enterprise fund. The reconciliation was not prepared per bank to general ledger basis; a case in point is general fund reconciliation which included enterprise balance that should have been independently reconciled with its related bank statements to its self balancing general ledger.

STATUS

The condition has been rectified; monthly bank reconciliation is now being performed and reconciled to the general ledger.